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Citation for published version (APA):

Crane, M. A., Joly, L. M. A., & Manthorpe, J. (2016, Jan). Rebuilding Lives: Finance and welfare benefits – Policy and Practice Briefing. Social Care Workforce Research Unit, King's College London.

Citing this paper

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Rebuilding Lives: Finances and welfare benefits

Policy and Practice briefing
January 2016

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Rebuilding Lives is the largest UK study to have examined the experiences of homeless people who have been rehoused through planned resettlement programmes, and the only study to have followed up formerly homeless people for five years after they were rehoused.

Five years after being resettled, many participants had made considerable progress in rebuilding their lives. They were settled in their accommodation, had created a home, and some were involved in education, training programmes or had attained employment. For several, family and social relationships had improved and some young people had started their own family. Many remained vulnerable, however, and required long-term or intermittent support in order to sustain a tenancy and prevent further homelessness.

This briefing focuses on the participants' financial circumstances five years after they were resettled. It proposes several policy and practice recommendations regarding the financial needs of formerly homeless people. These are directed at managers and staff of the homelessness sector, housing support and welfare benefit services.

Key findings:

- **77%** of participants were reliant on social security benefits, and **65%** had an income below the UK poverty threshold.
- The majority of participants were struggling financially and found it hard to pay bills and meet everyday living expenses.
- The prevalence of debts increased over time and **75%** had debts at five years.
- Young people were most likely to be struggling financially and to have accrued debts.
- The suspension or stopping of social security benefits contributed to the participants' financial difficulties.
- The insecurity of casual work or of jobs that offered only zero-hours contracts also contributed to the participants' financial struggles (see Policy and Practice briefing: Training and employment).



About Rebuilding Lives

Rebuilding Lives is a study of the longer-term outcomes for formerly homeless people who were resettled into independent housing in London, Nottinghamshire and South Yorkshire. Building on an earlier study (FOR-HOME) which investigated the experiences of 400 formerly homeless people during the first 18 months post-resettlement, Rebuilding Lives attempted to contact after five years those participants who were housed and interviewed at 18 months. Of the potential 297 participants, 237 were interviewed (224 were housed and 13 were homeless); 17 were contacted but declined an interview; 14 had died or were in prison; and 29 could not be traced. Interviews took place in 2013-14.

The Rebuilding Lives study was funded by the National Institute for Health Research (NIHR) School for Social Care Research, and was carried out by Maureen Crane, Louise Joly and Jill Manthorpe, from the Social Care Workforce Research Unit at the Policy Institute at King's College London. It was undertaken in collaboration with five homelessness sector organisations: Centrepoin, Framework Housing Association, St Anne's Community Services, St Mungo's, and Thames Reach. Photo courtesy of Centrepoin.

About the Policy Institute at King's

The Policy Institute at King's College London acts as a hub, linking insightful research with rapid, relevant policy analysis to stimulate debate, inform and shape policy agendas. Building on King's central London location at the heart of the global policy conversation, our vision is to enable the translation of academic research into policy and practice by facilitating engagement between academic, business and policy communities around current and future policy needs, both in the UK and globally. We combine the academic excellence of King's with the connectedness of a think tank and the professionalism of a consultancy.

About the Social Care Workforce Research Unit

The Social Care Workforce Research Unit (SCWRU) at King's College London is funded by the Department of Health Policy Research Programme and a range of other funders to undertake research on adult social care and its interfaces with housing and health sectors and complex challenges facing contemporary societies.

The Homelessness Research Programme is based within SCWRU. It includes studies of: the causes of homelessness; the problems and needs of homeless and formerly homeless people; transitions through and exits from homelessness; and evaluations of services for homeless people. The programme also has a role in influencing the development of policies and services to prevent and alleviate homelessness. More information can be found online at

<http://www.kcl.ac.uk/sspp/policy-institute/scwru/res/hrp/index.aspx>

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Findings and what needs to happen

Managing finances

Living independently and establishing a home created several financial demands on the participants. After five years, the majority of participants were struggling financially and found it hard to budget and pay bills and meet everyday living expenses:

- Most (**77%**) were reliant on social security benefits.¹ A few of these were working but received tax-related benefits as their income was low.
- **65%** had an income below the UK poverty threshold.²
- **56%** ran short of money for food at times.
- **44%** sometimes did not have enough money to heat their home.

‘When I don’t have the money I do without – a couple of days I might just have beans as I can’t afford other food ... I just sleep off the hunger. Struggle to keep my flat warm so I got a tent and sleep in that in my bedroom’.



¹ Not including housing subsidies or child benefits

² In 2011-12, the poverty threshold for a single adult without dependent children was £128 a week after deducting for rent, service charges and water rates (McInnes, T., Aldridge, H., Bushe, S., Kenway, P., Tinson, A. *Monitoring Poverty and Social Exclusion*, 2013, York: Joseph Rowntree Foundation)

What needs to happen

More advice and training should be available to homeless people both before and after they are resettled on day-to-day budgeting, and the management of personal finances including credit and debt. Workshops and training about money management should include the importance of paying rent and utility bills.

Department of Work and Pensions staff should work collaboratively with homelessness sector organisations and housing support providers to identify and assist vulnerable people who require Alternative Payment Arrangements once they start claiming Universal Credit, to prevent their tenancies being put at risk.

Some participants were vulnerable, had mental health and/or alcohol or drug problems, and poor budgeting skills. One-half had never lived alone before or been responsible for a tenancy and the payment of bills. Some acknowledged that they found it hard to manage their finances and tended to spend their money on things other than rent and bills. Some also expressed concern about the forthcoming introduction of Universal Credit, and the potential for their benefits to be paid monthly and for the housing element to be paid directly to them rather than to the landlord.

‘Find it difficult to budget – I don’t bother. I see a book and want it, and end up with a nice pile of books and no food. I keep buying books and CDs and end up with little money for food. I smoke a lot and that also is expensive.’

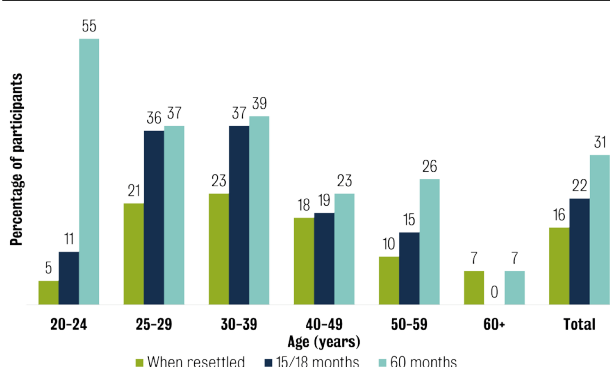
‘I am terrible – when I have money it goes. Get money every 2 weeks – by the second week it is hard. There are times when I don’t have a penny ... if I got benefits monthly it would be tough.’

Debts

The prevalence of debts among the participants gradually **increased** after they were resettled. At five years:

- **75%** had debts³, compared to **45%** when first resettled. Nearly one-third (**31%**) had debts of £1,000 or more.
- Young people aged 20-24 years were the age group most likely to have debts and to have accrued large debts: **86%** had debts, and **55%** owed £1,000 or more.
- The participants' debts mainly related to 'cost of living' expenses, ie rent or utilities.
- **39%** had rent arrears during the previous 12 months, resulting in eviction threats for **18%**.
- **9%** had paid no water charges since being resettled, and presumably after five years owed a considerable sum.

The prevalence of debts of £1,000+ over five years by age at 60 months



The suspension or stopping of social security benefits

One of the key factors contributing to the participants' financial difficulties was the suspension or stopping of social security benefits, namely Jobseekers Allowance (JSA) or Employment and Support Allowance (ESA):

24% in receipt of social security benefits in the 12 months prior to being interviewed had them suspended or stopped during this period. A few had their benefits stopped more than once because of sanctions.

5% had *no* income at the time of interview as their benefits had been stopped.

³ Excluding student loans

What needs to happen

Tenancy support and homelessness sector staff should encourage homeless and formerly homeless people who have large debts to access specialist debt advice services. They should be aware of local debt advice services and assist vulnerable clients to access this help.

For people who incur debts before or while homeless, repayment plans should be in place wherever possible before they are resettled.

Tenancy support workers and housing staff should collaboratively work with formerly homeless people who have rent arrears to draw up a realistic payment plan and help the tenant adhere to this.

Tenancy support workers and housing staff should explicitly ask people who have been resettled whether they are paying water charges. They should explore with water companies the options that are available, such as hardship schemes, to help people who have debts.

There were two main reasons for their benefits being stopped:

- JSA sanctions for missing appointments at the Job Centre, failing to attend training or apply for jobs.
- Participants' failure to complete a new claim form when their ESA ended. Some did not understand what they should do when their ESA changed or stopped, and lacked the means or skills to complete complicated online forms.

People who had their social security benefits suspended or stopped were more likely than other participants to have accrued rent arrears and other debts. In many instances their Housing Benefit had also been stopped when their other benefits were suspended or stopped, **even though Housing Benefit payments should not be affected by JSA sanctions**. The stopping of benefits led to great difficulties for many of these participants and increased their vulnerability – 42% had been threatened with eviction for rent arrears. **A further 16 participants had been evicted because of rent arrears due to changes or the stopping of social security benefits.**

'I've been without money for seven weeks and have no food in the house ... I'm trying to sleep the time away, but I can't sleep as I'm hungry. I don't even have any loo roll'.

'I had no money for food or heating. My neighbours gave me food. I got sick and had a bad chest as I couldn't afford to put the heating on ... I was put on antibiotics'.

Case Study: Patricia

Patricia was resettled into social housing in 2008 when she was aged 53 years. When she first moved she received Incapacity Benefit as she was unable to work due to physical health problems. Her welfare benefits were changed to ESA in 2012. When interviewed in 2013, her ESA had been stopped after 12 months and she had been without an income for two months. She had been to the Job Centre twice for advice and the staff had told her that she needed to complete an online form. However, as she explained:

'I don't know how to use a computer and get the form and I have no family or anyone to help me. I don't have any money to live on. I can't pay for gas or electricity and have had to turn my heating off and just use a candle. I'm not eating well, yet I'm a diabetic and on insulin. I have a dental infection and went to the dentist, but he wanted £20 for antibiotics and treatment ... I can't pay that. I need help'.

What needs to happen

Homelessness sector staff, housing support workers and DWP advisers should emphasise to homeless people and formerly homeless people the importance of complying with social security benefit rules and Claimant Commitments to avoid having their benefits stopped and their tenancies being put at risk.

Assistance should be given by DWP advisers and support workers to people when benefits, such as ESA, change or stop. It should not be assumed that all people have the understanding and skills to complete complicated, online renewal forms.

The consequences of suspending social security benefits should be assessed meticulously by DWP managers in the case of formerly homeless people who are highly vulnerable and whose tenancies, health and wellbeing could be put at risk by such actions.

Housing support and advice workers should be aware that Housing Benefit is not affected if a person receives a JSA sanction, and should advise the person accordingly or intervene on their behalf if this happens.

The full report, *Rebuilding Lives: Formerly homeless people's experiences of independent living and their longer-term outcomes*, is available online at:

<http://www.kcl.ac.uk/scwru/res/hrp/hrp-studies/rebuilding.aspx>

Other Policy and Practice briefings on: Housing matters; Training and employment; and Mental health matters are also available online at the same link.

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